

AMENDED IN SENATE MARCH 27, 2006

**SENATE BILL**

**No. 1570**

---

**Introduced by Senators Alquist and Ashburn**

February 23, 2006

---

An act to add Chapter 12.87 (commencing with Section 18987.7) to Part 6 of Division 9 of the Welfare and Institutions Code, relating to foster care, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1570, as amended, Alquist. Foster care: residentially based services: group homes.

Existing law provides for child welfare services, which are public social services directed toward, among other purposes, protecting and promoting the welfare of all children, including those in foster care placement. Existing law provides for the placement of children in foster care in various settings, including group homes, by foster placement agencies, under the oversight of the State Department of Social Services.

Existing law provides for the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, under which, pursuant to a combination of federal, state, and county funds, aid on behalf of eligible children is paid to foster care providers.

Existing law, the California Community Care Facilities Act, provides for the licensure and regulation of community care facilities, including group homes, by the State Department of Social Services.

Existing law requires the State Department of Social Services, under the direction of the California Health and Human Services Agency and in collaboration with other appropriate organizations, as specified,

to reexamine the role of out-of-home placements currently available for children served within the child welfare services system.

This bill would require the State Interagency Team for Children and Youth, within the California Health and Human Services Agency, to develop a plan for transforming the current system of group care for foster children or youth and for children with serious emotional disorders into a system of residentially based services. The bill would require that the plan contain specified elements, including elements relating to the services required to be offered by residentially based programs, administrative oversight of programs, the placement and assessment of children and youth in those programs, the use of available funding, agreements to test alternative program design and funding models, and the issuance by the State Department of Social Services of waivers with respect to ~~statutory or~~ regulatory provisions to implement those agreements. The bill would *further* require that the plan be submitted to the Legislature by July 1, 2008.

~~The bill would provide that the plan may be developed with the assistance of, to the extent that state funds are available for this purpose, the department may use these funds to employ an outside consultant with demonstrated national expertise in statewide foster care and residential systems. It would appropriate \$1,000,000 from the General Fund to the California Health and Human Services Agency for the purpose of employing such a consultant.~~

Vote:  $\frac{2}{3}$ -majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 12.87 (commencing with Section  
2 18987.7) is added to Part 6 of Division 9 of the Welfare and  
3 Institutions Code, to read:

4

5 CHAPTER 12.87. REFORM OF RESIDENTIALLY BASED SERVICES  
6 FOR CHILDREN AND YOUTH

7

8 18987.7. (a) The State Interagency Team for Children and  
9 Youth, within the California Health and Human Services  
10 Agency, shall develop a plan for transforming the current system  
11 of group care for foster children or youth and for children with

1 serious emotional disorders (SED) into a system of residentially  
2 based services.

3 (b) The plan developed pursuant to subdivision (a) shall be  
4 submitted to the Legislature on or before July 1, 2008, and shall  
5 include recommendations for specific statutory changes  
6 necessary for its implementation. It shall also include a fiscal  
7 impact statement and a specific implementation timetable,  
8 ~~including and shall identify~~ any necessary regulatory changes.

9 (c) The plan shall reflect input from public and private  
10 nonprofit stakeholders, including, but not be limited to,  
11 representatives of all of the following: the state departments of  
12 Social Services, Mental Health, Education, Alcohol and Drug  
13 Programs, and Corrections and Rehabilitation; county child  
14 welfare, probation, mental health, and alcohol and drug  
15 programs; local education authorities; current and former foster  
16 youth; parents of foster children or youth and children or youth  
17 with SED; private nonprofit agencies operating group homes;  
18 children's advocates; and other interested parties.

19 (d) The plan shall be based on the reports delivered to the  
20 Legislature pursuant to Section 75 of Chapter 311 of the Statutes  
21 of 1998 by the Steering Committee for the Reexamination of the  
22 Role of Group Care in a Family-Based System of Care in June  
23 2001 and August 2002, and the ~~"Framework for a New Vision  
24 for residentially based Services in California" published in  
25 January, 2006. 2001 and August 2002, and the "Framework for a  
26 New System for Residentially Based Services in California"  
27 published in March, 2006.~~

28 ~~(e) The plan may be developed with the assistance of an  
29 outside consultant with demonstrated national expertise in  
30 statewide foster care and residential systems.~~

31 *(e) To the extent that funds are included in the Budget Act of  
32 2006 for this purpose, the department may use this funding to  
33 employ an outside consultant with demonstrated national  
34 expertise in statewide foster care and residential systems to assist  
35 in the development of the plan and to make available planning  
36 grants to counties for the development and testing of proposals  
37 for alternative program and funding models pursuant to Section  
38 18987.72.*

39 (f) Along with redefining and improving the role of group  
40 care, it is also the intent of the Legislature that state agencies,

1 counties, and private nonprofit agencies continue to work in  
2 partnership to develop additional community-based services that  
3 will make it possible for more children and youth to be safely  
4 and effectively served in their own homes or in another  
5 family-living situation with a relative, guardian, foster family, or  
6 adoptive family.

7 18987.71. (a) (1) For purposes of this chapter, “residentially  
8 based services” means behavioral or therapeutic interventions  
9 delivered in nondetention group care settings in which multiple  
10 children or youth live in the same housing unit and receive care  
11 and supervision from paid staff.

12 (2) The plan developed pursuant to Section 18987.7 shall be  
13 based upon an understanding that residentially based services are  
14 most effectively used as intensive, short-term interventions when  
15 ~~children have unmet needs of such severity and complexity that~~  
16 ~~their behavior renders them or those around them unsafe, or~~  
17 ~~prevents them from benefiting from services and supports~~  
18 *children have unmet needs that create conditions that render*  
19 *them or those around them unsafe, or that prevent the effective*  
20 *delivery of needed services and supports* provided in the  
21 children’s own homes or in other family settings, such as with a  
22 relative, guardian, foster family, or adoptive family.

23 (b) The plan developed pursuant to Section 18987.7 shall do  
24 all of the following:

25 (1) Require that a program offering residentially based  
26 services establish a safe, stable, and structured living  
27 environment in which behavioral or therapeutic interventions can  
28 ~~be provided in order to mitigate the barrier behaviors to a level~~  
29 ~~sufficient to allow children or youth to transition to their own~~  
30 ~~homes or another permanent or stable family setting. A program~~  
31 ~~shall also offer any assistance to families or other primary care~~  
32 ~~givers that is necessary to help them successfully prepare for and~~  
33 ~~retain the children or youth in their setting. be provided in order~~  
34 *to allow children or youth to transition safely to their own homes*  
35 *or another permanent or stable family setting. A program shall*  
36 *also provide to families or other primary care givers, or assist*  
37 *them in obtaining, services and supports they may need to help*  
38 *them successfully prepare for and retain the children or youth in*  
39 *their family settings.*

1 (2) Require that a program offering residentially based  
2 services include interventions that include all of the following:

3 (A) Environmental interventions that establish a safe, stable,  
4 and structured living situation in which children or youth can  
5 receive the comfort, attention, structure, and guidance needed to  
6 ~~help them reduce the intensity of barrier behaviors so that their~~  
7 ~~caregivers can identify and address the factors driving those~~  
8 ~~behaviors.~~ *help them reduce the intensity of conditions that led to*  
9 *their placement in the program so that their caregivers can*  
10 *identify and address the factors creating those conditions.*

11 (B) Intensive treatment interventions that facilitate the rapid  
12 movement of children or youth toward connection or  
13 reconnection with appropriate and natural home, school, and  
14 community ecologies by helping them and their families find  
15 ~~ways to understand, reduce, and replace the persistent and~~  
16 ~~difficult barrier behaviors that have been associated with those~~  
17 ~~needs with positive and productive alternatives.~~ *ways to mitigate*  
18 *the conditions that led to their placement in the program with*  
19 *positive and productive alternatives.*

20 (C) Parallel, predischarge community-based interventions that  
21 help family members, and other people in the social ecologies  
22 that children and youth will be joining or rejoining, to prepare for  
23 connection or reconnection. These preparations should be  
24 initiated upon placement and proceed apace with the  
25 environmental interventions being provided within the residential  
26 setting.

27 (D) Followup, postdischarge support and services provided as  
28 needed after children or youth have exited the residential  
29 component and returned to their own family or to another family  
30 living situation in order to ensure the stability and success of the  
31 connection or reconnection with home, school, and community.

32 (3) Include all of the following elements:

33 (A) Clear and objective placement criteria to be applied when  
34 determining whether a child's and family's circumstances are  
35 such that placement of the child in a program offering  
36 residentially based services is necessary in order to address the  
37 unmet needs of the child that prevent the child and family from  
38 receiving and benefiting from assistance provided in the child's  
39 own home or in a family setting with a relative, guardian, foster  
40 family, or adoptive family.

1 (B) The identification of the comprehensive assessment  
2 process to be used by county placement agencies when deciding  
3 whether placement in a program providing residentially based  
4 services is the option most likely to effectively meet the needs of  
5 a child or youth, and his or her family, and help him or her  
6 achieve the outcomes that are the goals of the intervention.

7 (C) The identification of the process to be used by county  
8 placement agencies and private, nonprofit agencies operating  
9 programs that provide residentially based services to insure that  
10 the specific program chosen for a child or youth is able to  
11 provide the types and level of care and services needed to meet  
12 the needs of that child or youth. This may involve the  
13 development of categories for residentially based services  
14 programs based on the target population of children or youth they  
15 are designed to serve and the types and levels of care and  
16 services they provide.

17 (D) The identification of processes and procedures that will  
18 ensure the active involvement of children or youth and their  
19 families in the initial development and ongoing management of  
20 plans of care and the delivery of services and treatment.

21 (E) The identification of a functional system for collaborative  
22 decisionmaking regarding the use of residentially based services  
23 in each county that ensures full participation by the county  
24 placement agency, other public agencies involved with providing  
25 or funding services needed by the children and their families, the  
26 residentially based services programs, and other involved parties,  
27 including children or youth and their families.

28 (F) The development of administrative mechanisms, such as  
29 community care licensing, to ensure that the residentially based  
30 services programs and the facilities they use meet appropriate  
31 health and safety standards. These standards should not create  
32 inappropriate barriers that inhibit the children or youth in  
33 placement from engaging in activities that are necessary for their  
34 development.

35 (G) The development of administrative mechanisms to ensure  
36 that each agency offering residentially based services programs  
37 demonstrates its programmatic and organizational competencies  
38 with respect to its mission, values, administration, management,  
39 staffing, and quality assurance.

1 (H) The development of administrative mechanisms to ensure  
2 that each agency offering residentially based services programs  
3 demonstrates its competency in all of the following phases of its  
4 service planning and delivery system: engagement, planning,  
5 implementation, coordination, and evaluation and quality  
6 improvement.

7 (I) The establishment of criteria to ensure that discharge plans  
8 and timelines are developed concurrently with treatment and  
9 service plans at the time of placement, and are subsequently  
10 monitored and updated based on the progress of the children or  
11 youth and their families' circumstances, with the goal of  
12 reconnecting the children or youth with their families, schools,  
13 and communities.

14 (J) The establishment of criteria to ensure that service and  
15 discharge planning include the identification and preparation of  
16 relatives, guardians, adoptive families, or foster families with  
17 whom the children or youth can live either on a permanent basis,  
18 or until they can be reunified with their parents, in those cases  
19 when it is not possible to reunify children or youth with their  
20 own parents or other appropriate family.

21 (K) The creation and definition of specific and objective  
22 outcome indicators, and the development of tools and systems for  
23 measuring them, to reflect progress made by children or youth  
24 placed in programs offering residentially based services toward  
25 the goals of safety, permanence, and well-being within the  
26 context of the California Child Welfare Outcomes and  
27 Accountability System.

28 (L) The development of administrative mechanisms to ensure  
29 that private nonprofit agencies operating residentially based  
30 services programs use the funding they receive through the Aid  
31 to Families with Dependent Children-Foster Care (AFDC-FC)  
32 program (Art. 5 (commencing with Sec. 11400), Ch. 2, P. 3) and  
33 other public programs to provide quality care and services to the  
34 children or youth and their families, consistent with ~~federal and~~  
35 state requirements and county placement agreements.

36 (M) The development of a new methodology for providing  
37 funding through the AFDC-FC program for care, supervision,  
38 and social work activities, and the development of an additional  
39 funding mechanism to pay for the costs of parallel, predischarge  
40 community-based interventions and followup and postdischarge

1 support, either as new components of the AFDC-FC program or  
2 as new separate funding streams. The new funding methodology  
3 for residentially based services programs shall do all of the  
4 following:

5 (i) Support the values and goals for residentially based  
6 services described above, including active child and family  
7 involvement, permanence, ~~team~~ *collaborative* decisionmaking,  
8 and outcome measurement.

9 (ii) Ensure that quality care and effective services are  
10 delivered to appropriate children or youth at a reasonable cost to  
11 the public.

12 (iii) Ensure that payment levels are adequate to cover the  
13 *reasonable* cost of the private nonprofit agencies operating  
14 residentially based services programs, including the cost of hiring  
15 and retaining qualified staff to provide care and services to the  
16 children or youth and their families.

17 (iv) Facilitate compliance with state requirements and the  
18 attainment of federal *and state* performance objectives.

19 (v) Control overall program costs by providing incentives for  
20 the private nonprofit agencies to use the most cost-effective  
21 approaches for achieving positive outcomes for the children or  
22 youth and their families.

23 (vi) ~~Encourage~~ *Facilitate the ability of* the private nonprofit  
24 agencies to access other available public sources of funding and  
25 services to meet the needs of the children or youth placed in their  
26 residentially based services programs *and their families*.

27 (vii) Enable the braiding of various funding streams necessary  
28 to meet the full range of services needed by foster children or  
29 youth in residentially based services programs, with particular  
30 reference to funding for mental health treatment services through  
31 the Medi-Cal Early and Periodic Screening, Diagnosis, and  
32 Treatment program.

33 (viii) Maximize federal financial participation to the extent  
34 that it does not inordinately impede the effective delivery of  
35 services to children or youth and families, and the achievement  
36 of positive outcomes.

37 (ix) Include provisions for effective administrative oversight  
38 and enforcement mechanisms in order to ensure programmatic  
39 and fiscal accountability.



1 (4) Identify and define the modifications necessary to address  
2 the particular and diverse requirements associated with children  
3 or youth placed for residentially based services by each major  
4 component of the system, including child welfare, probation,  
5 mental health, and education.

6 (5) Identify and define in each of the elements adaptations  
7 necessary to support the effective and efficient operation of  
8 residentially based services programs designed to provide care,  
9 supervision, services, and treatment for children or youth with  
10 ~~barrier behaviors~~ or similar challenges or conditions, including,  
11 but not limited to, programs designed primarily to serve any of  
12 the following:

13 (A) Children and youth in need of emergency shelter and  
14 assessment.

15 (B) Pregnant or parenting youth.

16 (C) Older youth preparing to emancipate from the foster care  
17 system.

18 (D) Youth in the juvenile justice system.

19 (E) Youth with substance abuse problems.

20 (F) Juvenile sex offenders.

21 (G) Children and youth with emotional disturbance or mental  
22 illness.

23 (H) Lesbian, gay, bisexual, transgender, or questioning youth.

24 (6) Use the existing level of federal, state, and county funding  
25 in a more cost-effective manner than under current law by  
26 improving the upfront assessment and placement processes, and  
27 permitting private nonprofit agencies to provide services and  
28 support to families while their children or youth are in placement  
29 and after they are discharged, with the goals of reducing the  
30 average length of stay *in foster care, reducing reentries into*  
31 *foster care*, and achieving better long-term outcomes.

32 (7) Use the savings created by reducing the average length of  
33 stay *in foster care, and in reducing reentries into foster care*, to  
34 pay adequate rates under the AFDC-FC program to the private  
35 nonprofit agencies for the time that the children or youth are  
36 participating in their residential programs. These savings ~~may~~  
37 *shall* also be used to pay the private nonprofit agencies for costs  
38 associated with new predischarge family support and  
39 postdischarge services, to fund county implementation of more

1 effective upfront assessment and placement procedures, and to  
2 fund other related community-based services and support.

3 ~~(8) Propose any appropriate pilot projects to test the use of~~  
4 ~~residentially based services~~

5 *18987.72. (a) In order to obtain knowledge and experience*  
6 *with which to inform the process of developing and implementing*  
7 *the plan for residentially based services, pursuant to Section*  
8 *18987.7, the State Department of Social Services shall encourage*  
9 *counties and private nonprofit agencies to develop voluntary*  
10 *agreements to test alternative program design and funding*  
11 *models for transforming existing group home programs into*  
12 *residentially based services programs in order to meet the*  
13 *diverse needs of children or youth and families in the child*  
14 *welfare, juvenile justice, and mental health systems.*

15 ~~(9) Allow the State Department of Social Services to enter into~~  
16 ~~voluntary agreements with individual counties and private~~  
17 ~~nonprofit agencies to test alternative program design and funding~~  
18 ~~models for residentially based services prior to statewide~~  
19 ~~implementation of the plan, including agreements to transform all~~  
20 ~~or part of existing group home programs in accordance with the~~  
21 ~~requirements of the plan, if the agreements satisfy all of the~~  
22 ~~following requirements.~~

23 *(b) With the approval of the department, any county and*  
24 *private nonprofit agency may enter into and implement a*  
25 *voluntary agreement to transform all or part of an existing group*  
26 *home program into a residentially based services program, if the*  
27 *agreement satisfies all of the following requirements:*

28 ~~(A) Incorporate and address all of the elements for~~  
29 ~~residentially based services included in the plan.~~

30 *(1) It incorporates and addresses all of the components and*  
31 *elements for residentially based services described in Sections*  
32 *18987.7 and 18987.71.*

33 ~~(B) Reflect~~

34 *(2) It reflects active collaboration among the private nonprofit*  
35 *agency that will operate the residentially based services program*  
36 *and county departments of social services, mental health, or*  
37 *juvenile justice, alcohol and drug programs, county offices of*  
38 *education, or other public entities, as appropriate, to ensure that*  
39 *children, youth, and families receive the services and support*  
40 *necessary to meet their needs.*

1 ~~(C) Include~~

2 (3) *It includes* provisions for the preparation of an annual  
3 evaluation report, to be prepared jointly by the county and the  
4 private nonprofit agency. ~~The plan shall require that these~~  
5 ~~provisions~~ *evaluation report shall* include analyses of the  
6 outcomes for children and youth, including achievement of  
7 permanency, involvement of children or youth and their families,  
8 client satisfaction, the use of the program by the county, the  
9 operation of the program by the private nonprofit agency,  
10 payments made to the private nonprofit agency by the county,  
11 and actual costs incurred by the nonprofit agency for the  
12 operation of the program. ~~The plan shall also require that the~~  
13 ~~county~~ *county shall* send a copy of each annual evaluation report  
14 to the director, and ~~that the director~~ *the director shall* make these  
15 reports available to the Legislature upon request.

16 ~~(D) Include provisions that permit amendments and~~  
17 ~~modifications of the agreement to be made, with the mutual~~  
18 ~~consent of both parties, based on the evaluations described in~~  
19 ~~subparagraph (C) and on experience and information acquired~~  
20 ~~from the implementation and the ongoing operation of the~~  
21 ~~program.~~

22 (4) *It includes provisions that permit amendments,*  
23 *modifications, and extensions of the agreement to be made, with*  
24 *the mutual consent of both parties, based on the evaluations*  
25 *described in paragraph (3), and on the experience and*  
26 *information acquired from the implementation and the ongoing*  
27 *operation of the program.*

28 (5) *It is consistent with the county's System Improvement Plan*  
29 *developed pursuant to the California Child Welfare Outcomes*  
30 *and Accountability System.*

31 ~~(10) Provide that, upon request from a county, the director~~  
32 ~~may waive statutory or regulatory provisions governing child~~

33 (c) (1) *Upon request from a county, the director may waive*  
34 *regulatory provisions governing child welfare services,*  
35 *AFDC-FC payments, or the operation of programs licensed as*  
36 *group homes in order to enable a county and a private nonprofit*  
37 *agency to implement an agreement described in paragraph (9)*  
38 *subdivision (b). The plan shall also provide that a waiver granted*  
39 *by the director shall be applicable only to the development,*  
40 *implementation, and ongoing operation of a residentially based*

1 ~~services program and related county activities provided under the~~  
2 ~~terms of the agreement and for the duration of the agreement, and~~  
3 ~~shall be granted only when all of the following apply:~~

4 (2) *Notwithstanding Sections 11460 and 11462, and any other*  
5 *provisions of this code governing payments under the AFDC-FC*  
6 *program, upon request from a county, the director may also*  
7 *approve the use of alternative funding models under the*  
8 *AFDC-FC program for care and supervision, social work*  
9 *activities, and parallel predischarge community-based*  
10 *interventions for families, as described in subparagraph (C) of*  
11 *paragraph (2) of subdivision (b) of Section 18987.71, in order to*  
12 *enable a county and a private nonprofit agency to implement an*  
13 *agreement described in subdivision (b).*

14 (3) *A waiver granted by the director pursuant to paragraph*  
15 *(1), or an approval of an alternative funding model pursuant to*  
16 *paragraph (2), shall be applicable only to the development,*  
17 *implementation, and ongoing operation of a residentially based*  
18 *services program and related county activities provided under*  
19 *the terms of the agreement and for the duration of the agreement,*  
20 *and shall be granted only when all of the following apply:*

21 (A) *The agreement promises to offer a worthwhile test related*  
22 *to the development, implementation, and ongoing operation of a*  
23 ~~*residentially based services program as described in the plan.*~~  
24 *residentially based services program as described in this*  
25 *chapter.*

26 ~~(B) Existing statutory or regulatory provisions impose barriers~~  
27 (B) *Existing regulatory provisions or the existing AFDC-FC*  
28 *payment requirements, or both, impose barriers for the effective,*  
29 *efficient, and timely implementation of the agreement.*

30 (C) *The requesting county proposes to monitor the agreement*  
31 ~~*for compliance with the terms of the waiver.*~~ *for compliance with*  
32 *the terms of the waiver or the alternative funding model, or both.*

33 ~~(D) The waiver will not result in a substantial loss of federal~~  
34 ~~*funds or an increase in the costs to the General Fund for rate*~~  
35 ~~*payments under the AFDC-FC program, measured over a period*~~  
36 ~~*not to exceed three years. This would permit higher AFDC-FC*~~  
37 ~~*rate payments to be made when children or youth are initially*~~  
38 ~~*placed in a residentially based services program, with savings to*~~  
39 ~~*offset these higher costs being achieved through shorter lengths*~~  
40 ~~*of stay in the program as the result of the provision of*~~

1     (D) Neither the waiver nor the alternative funding model will  
2 result in an increase in the costs to the General Fund for rate  
3 payments under the AFDC-FC program, measured over a period  
4 defined in the agreement. This would permit higher AFDC-FC  
5 rate payments to be made when children or youth are initially  
6 placed in a residentially based services program, with savings to  
7 offset these higher costs being achieved through shorter lengths  
8 of stay in foster care, or a reduction of reentries into foster care,  
9 as the result of the provision of predischarge support and  
10 postdischarge services to the children or youth and their families.

11     (d) In addition to the requirements set forth in subdivision (b)  
12 the voluntary agreements shall do all of the following:

13     ~~(11)~~

14     (1) Provide that, to the extent that some of the care, services,  
15 and other activities associated with a residentially based services  
16 program operated under an agreement described in ~~paragraph (9)~~  
17 subdivision (b) are not eligible for federal financial participation  
18 as foster care maintenance payments under Part E of Title IV of  
19 the federal Social Security Act (42 U.S.C. Sec. 670 et seq.), but  
20 may be eligible for federal financial participation as  
21 administration or training, or may be eligible for federal financial  
22 participation under other programs, including, but not limited to,  
23 Title XIX of the federal Social Security Act (42 U.S.C. Sec. 1396  
24 et seq.), the appropriate state departments shall take measures to  
25 obtain that federal funding.

26     ~~(12) Provide that, prior to approving any waiver pursuant to~~  
27 ~~paragraph (10), the director shall make a determination that the~~  
28 ~~design of the residentially based services program to be operated~~  
29 ~~under the agreement described in paragraph (9) would ensure the~~  
30 ~~health and safety of children or youth to be served.~~

31     ~~SEC. 2. There is hereby appropriated the sum of one million~~  
32 ~~dollars (\$1,000,000) from the General Fund to the California~~  
33 ~~Health and Human Services Agency for the purpose of~~  
34 ~~employing an outside consultant pursuant to subdivision (e) of~~  
35 ~~Section 18987.7 of the Welfare and Institutions Code, as added~~  
36 ~~by Section 1 of this act.~~

37     (2) Provide that, prior to approving any waiver or alternative  
38 funding model pursuant to subdivision (c), the director shall  
39 make a determination that the design of the residentially based  
40 services program to be operated under the agreement described

- 1 *in subdivision (b) would ensure the health and safety of children*
- 2 *or youth to be served.*

O